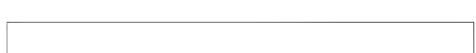


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The President's Daily Brief

August 25, 1976



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Top Secret 25X1

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FOR THE PRESIDENT ONLY

August 25, 1976

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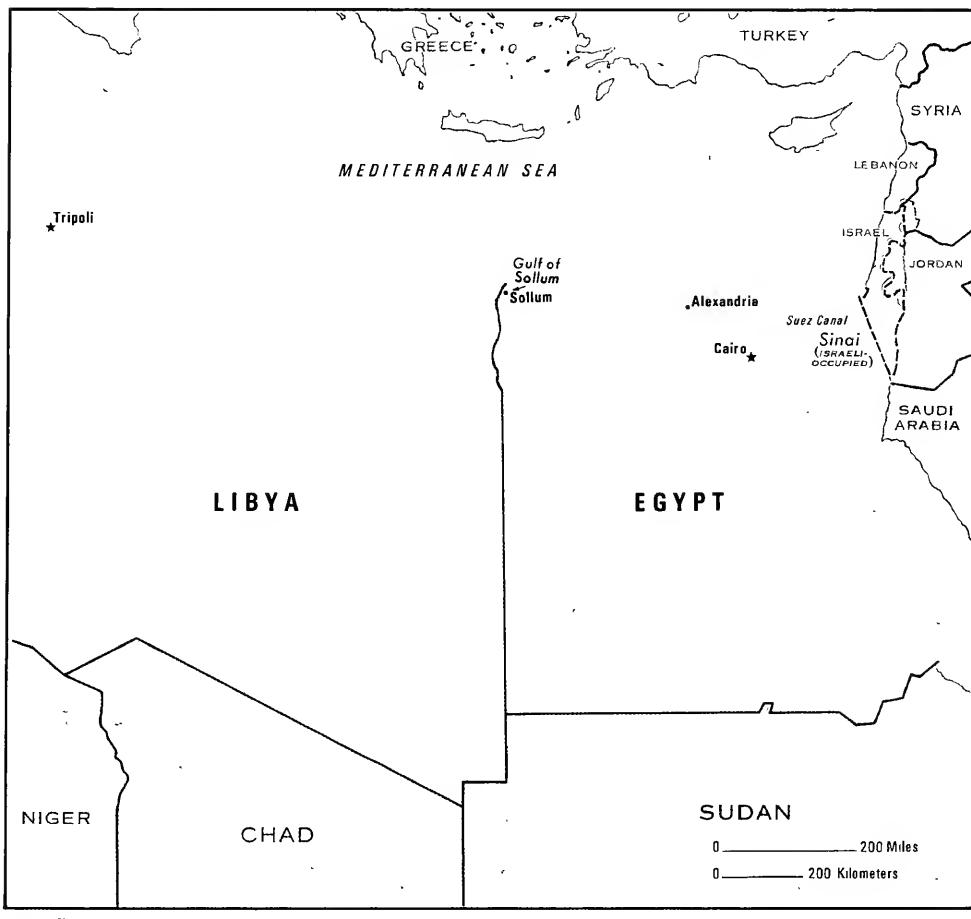
Egypt-Libya: [redacted] 25X1
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Lebanon: Negotiations are still going forward in an effort to end indiscriminate shelling within Beirut and to arrange a Palestinian withdrawal from the Mount Lebanon area. (Page 2)

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LIBYA-EGYPT: [redacted]

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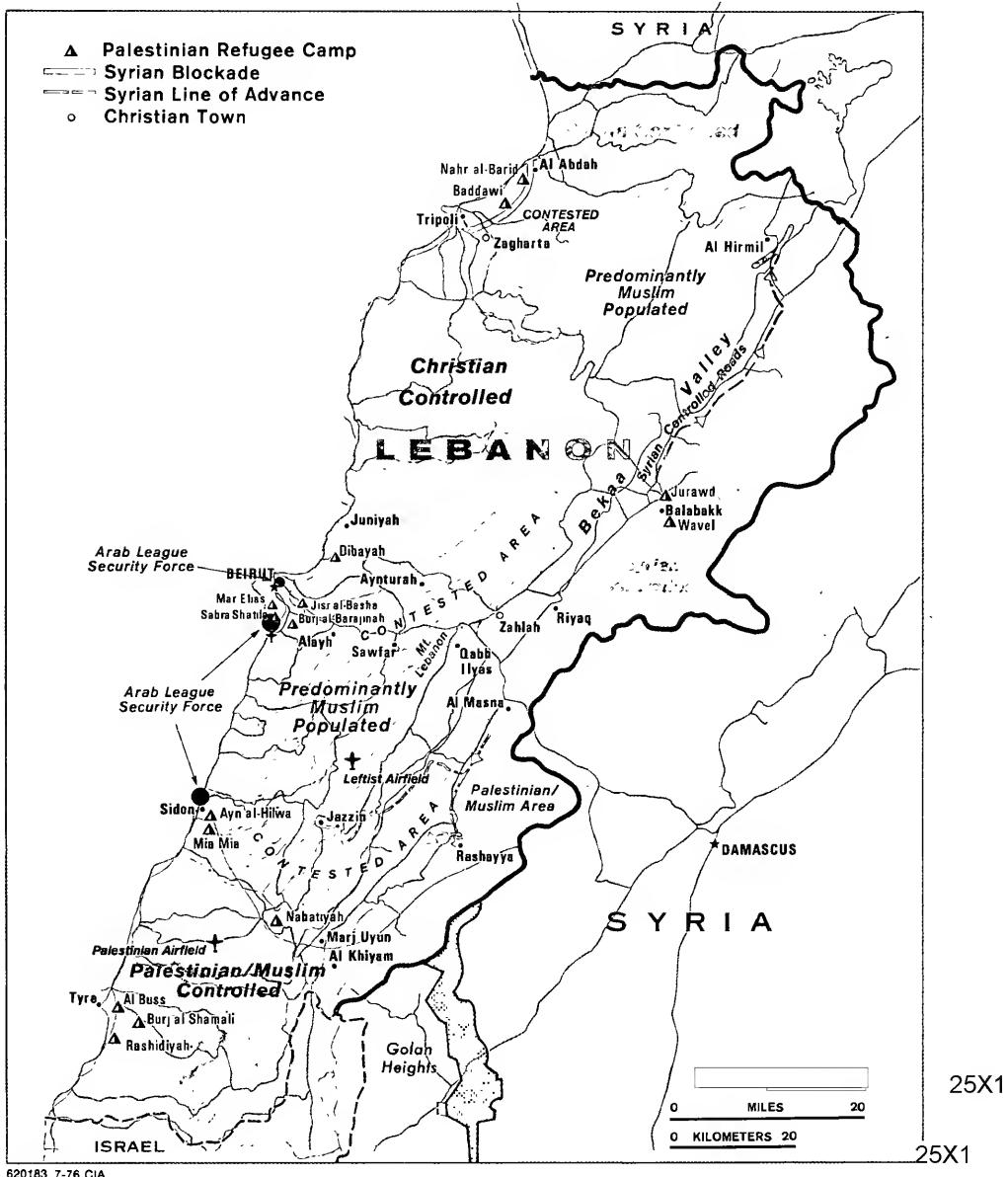
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LEBANON: Negotiations are still going forward in an effort to end indiscriminate shelling within Beirut and to arrange a Palestinian withdrawal from the Mount Lebanon area.

The leftist radio announced yesterday that an agreement to stop the shelling had been reached through the offices of the commander of the Arab League peacekeeping forces. We have seen no word from the Christian side and have no information on the specific groups supposedly subscribing to the latest accord. Shelling did ease slightly in Beirut yesterday.

The commander of the Arab force has announced that a meeting attended by representatives of all sides will be held on Friday to take up a new cease-fire formula prepared by the peacekeeping forces. According to a Lebanese newspaper, the Palestinians have refused a number of Syrian demands, including Palestinian withdrawal from mountains east of Beirut.

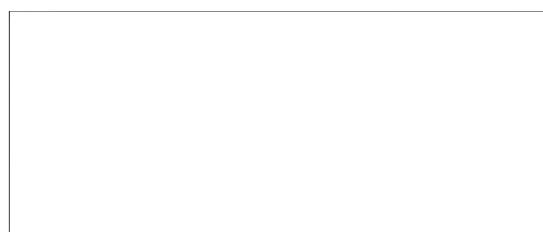
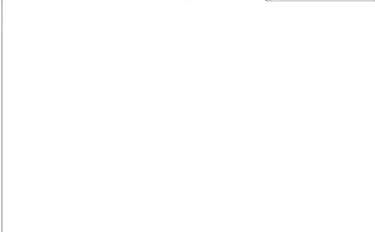
Eight of the necessary eleven countries of the Arab League have officially notified the secretariat of their willingness to attend a summit to discuss Lebanon.

Several other countries have publicly stated their approval of the move.

Lebanon agreed yesterday. No date or place is likely to be announced before the Arab League foreign ministers meet on September 4 to prepare the agenda.

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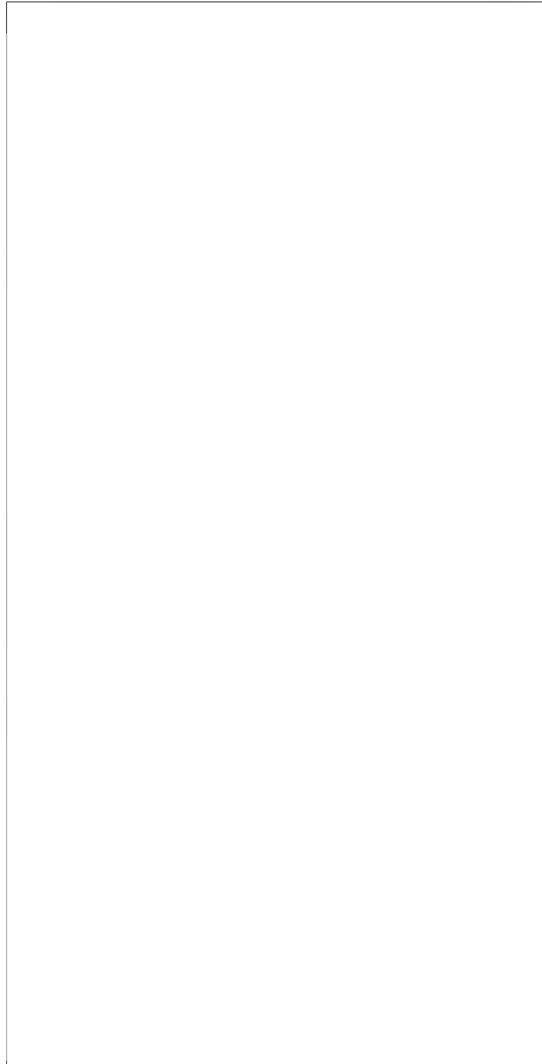
THE NETHERLANDS: 



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NOTES

French President Giscard is likely to announce a cabinet shuffle after the cabinet's weekly meeting today.



There seems to be general agreement in Paris that the Prime Minister will be replaced. The President originally chose Chirac for the post in the hope that he would revive the Gaullists--who form the largest block in the government's parliamentary majority--and secure their support for Giscard's reform program and their acquiescence in an eventual center-left government. Chirac has been successful in reviving the Gaullists, but has never been in full agreement on the other two tasks.

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Chirac's departure will not precipitate any action by the Gaullists that would cause early elections. Like the other members of the governing coalition, the Gaullists realize that the left alliance would probably win if legislative elections were held now. Giscard's selection of a new prime minister and cabinet members could provide some insight into whether he is preparing for battle with the left, or laying the groundwork for cooperation with it.

* * *

Prospects for reviving the stalled Cypriot intercommunal talks are bleak.

The divisions between Greek and Turkish communities have become more rigid, and the movement for a unilateral declaration of independence by the Turkish Cypriots is gaining momentum. Moreover, the preoccupation of the Greek and Turkish governments with the Aegean dispute and its domestic repercussions has left them unable or unwilling either to take any initiatives or to serve as a restraining influence on Cyprus.

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The Greek Cypriots are likely to remain preoccupied with the parliamentary election on September 5 and with presenting their case before the UN General Assembly this fall.

The Turkish Cypriots have been buoyed by the economic recovery of their sector and are talking of declaring independence with October 29--Turkish independence day--as a possible date. The advocacy of such a move by Turkish Cypriot leader Denktash received a boost last weekend when it was endorsed by visiting Turkish Interior Minister Asilturk.

Turkish Prime Minister Demirel seems strongly opposed to Turkish Cypriot independence.

It would complicate Turkey's relations with its allies and the Soviet Union, as well as with Greece. Still, a deterioration of the Aegean dispute or a series of further setbacks in international forums could persuade Ankara to permit Denktash to declare independence.

* * *

Two Soviet cosmonauts made an emergency return to the USSR yesterday after more than six weeks aboard the military space station, Salyut 5.

Their intelligence collection mission, which was probably intended to last for about 90 days, [redacted] 25X1

A Tass announcement, issued before the cosmonauts landed, stated that the "entire program" for the crew of Salyut 5 had been fulfilled and [redacted] 25X1

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later Tass announcement stated that the cosmonauts had made a successful landing, and that their condition is satisfactory.

If the Soviets can correct the atmospheric conditions, they may send additional crews to the space station during the next several months.

* * *

Arab finance ministers meeting in Cairo last week approved a \$2 billion development fund for Egypt sponsored by the Gulf Organization for Development in Egypt. They also agreed to provide balance-of-payments support to Cairo this year.

The new fund will be used principally to attract additional financial participation for development projects under Egypt's upcoming five-year plan. Although it is likely to generate a far larger capital flow than the \$2 billion committed, it probably will attract less than the \$10 billion to \$12 billion in Arab financing that Sadat hoped to get over the next five years.

As an interim measure to treat Egypt's short-term needs, the Arab ministers agreed to a separate guarantee of an undisclosed amount. Egyptian negotiators, faced with financing a payments gap of at least \$1 billion, had asked the Gulf Organization's sponsors--Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates--for that amount in balance-of-payments support this year.

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The work boycott in Soweto, South Africa, continued yesterday.

Worker absenteeism apparently was less than on Monday, but the US consul in Johannesburg believes the boycott will continue for a third day.

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*The situation along the
Demilitarized Zone in
Korea remains quiet.*

No significant military developments have been reported.

Radio Pyongyang reported that the senior North Korean delegate attending this morning's meeting of the Military Armistice Commission made a proposal that the North Koreans said would "firmly guarantee" there will be no further clashes in the Joint Security Area. The North Koreans proposed that the two sides separate their security personnel by setting up guard posts only on their side of the Military Demarcation Line in Panmunjom.

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